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AZ CORP COMMISSION

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TO:

Jeff Hatch-Miller, Chairman

William A. Mundell, Commissioner

Mike Gleason, Commissioner Kristin K. Mayes, Commissioner Barry Wong, Commissioner

FROM:

Ernest G. Johnson

Director

Utilities Division

DATE:

September 8, 2006

RE:

IN THE MATTER OF THE APPLICATION OF GOLD CANYON SEWER COMPANY FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON (DOCKET NO.

SW-02519A-06-0015)

On the afternoon of September 7, 2006, Commission Staff ("Staff") was notified that the Residential Utility Consumer Office ("RUCO") would like to enter into settlement discussions on the referenced case. This memorandum is being sent to all Commissioners per Commission policy of Staff notifying the Commissioners at least three days prior to entering into settlement discussions on any Class A, B or C rate case.

Unless Staff is informed (by a filing in Docket Control) by any of the Commissioners that they object to Staff entering into settlement discussions on this case, Staff will notify the other parties to this case that it is available for settlement discussions beginning September 13, 2006. In addition, if any Commissioner has a specific topic they would like discussed as part of the settlement, please inform the parties of such through a filing in Docket Control.

EGJ:SMO:lhm

cc:

Dean Miller

Adam Safford

Kenneth Rozen

Matt Derr

Eric Gorsegner

Docket Control

James Dorf

Del Smith

Arizona Corporation Commission

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